

FCPF FMT Completeness Check: Lao PDR

June 16, 2011

Analysis of the final version of Lao PDR's R-PP, submitted December 21, 2010:

The Republic of Lao PDR presented its Readiness Preparation Proposal (R-PP) for assessment by the FCPF Participants Committee, at its 7th meeting, held in November 2010, in Washington, DC, US. At this meeting, the PC adopted Resolution number PC/7/2010/2, where they decided to allocate grant funding for Lao PDR to enable it to move ahead with preparation for readiness.

The PC requested Lao PDR to submit a revised R-PP addressing the 7 key issues identified in a summary report to the resolution. The PC resolution also requested the FMT to check on the revised R-PP for completeness, make it available on the FCPF website and notify the PC of its availability. Additionally, "The PC praised Lao PDR for the substantial effort in preparing the Readiness Preparation Proposal, which provides a very complete view on the challenges of REDD+ in the country and describes a good level of understanding of the drivers of deforestation and forest degradation. The PC recognizes the in depth information on all 5 chapters of the R-PP and the well organized consultation process that lead to the R-PP and the plan moving forward. In particular, the PC praised the good work on non-carbon monitoring systems and early indication for reference scenarios."

Lao PDR submitted a revised R-PP to the FCPF FMT dated December 23, 2010. The table below presents the main issues raised in the PC Resolution and the response provided in the revised R-PP. This analysis below has allowed the FMT to assess that the issues raised by the PC Resolution have been attended to, and that the R-PP is now complete. This will allow the WB to continue its due diligence process in view of making the REDD Readiness grant available to the country.

Issues that Lao PDR needed to address before entering into a Readiness Preparation grant agreement with the Trustee of the Readiness Fund	Response in revised R-PP
1. The Budget section needed to be improved, indicating clearly the contributions sought from the FCPF and other donors to the activities indicated. The section should be more clearly organized in a way that it can be used to be a tool for coordinating the different contributions from donors and partners;	<p>New detailed budget information has been provided in new Table 5.3: Details of activities to be funded from FCPF Grant. The funds from the FCPF total US\$3.4 million, will be used primarily to develop the implementation arrangements for a future REDD strategy, and to fund the activities listed in the table. They will strengthen and extend the consultation process through support to the REDD Office and will enable stakeholders to be engaged in the process of developing a regulatory framework and benefit sharing arrangements.</p> <p>The budget proposed in the R-PP takes account of the anticipated activities to be funded by these other donors. Projects currently approved have agreed overall budgets, but specific activities and the allocation of the budget between activities has not yet been determined and agreed in detail.</p>

	<p>Other agencies that are providing REDD related funding are shown. More detailed alignment of donors to the RPP, which will determine which donor will support which activity and with what amount, will be undertaken early in the Readiness phase. The allocation of budget to activities in most of the upcoming projects is not yet clear, and additional donors have expressed interest in contributing.</p>
<p>2. It is a high priority, that the R-PP should clearly elaborate how the preparation process for the FIP Investment Strategy and Investment programs would be integrated in the readiness process laid out in the R-PP;</p>	<p>The government is looking to the Forest Investment Program to fund essential activities that are not covered by other donors. A total of US\$21.6 million is required of which US\$ 1.96 million is a contribution in kind by the government. A summary of the investment is given in the Table 5.4 below and details are given in Appendix. Capacity building is required at national, provincial and district government levels as well as at community level, with the emphasis on the latter being on community assessment and monitoring of carbon stock. At national level the capacity building will be spread across all departments that will need to be involved, including DOF and DOFI, WREA and NLMA.</p> <p>The investments will aim at addressing each of the drivers identified in the R-PP in different geographical locations and under different forest management regimes, as well as providing compensation to various stakeholders to conserve carbon stocks and restore forest cover to sequester carbon dioxide, where it is shown to be cost effective. They will also cover a new national Forest Inventory, aimed at updating the previous inventory conducted in the mid-1990s, as well as overcoming the limitations in previous inventories that did not correlate land cover data with standing stock information. It will also include expanding the standing stock information to include carbon above and below ground in order to establish a credible baseline.</p>
<p>3. The R-PP should elaborate on the risk of international leakage, cross border timber trade and describe ongoing and potential regional coordination to address these important issues;</p>	<p>A new section added to component 2a states that the risk of international leakage is very high. Studies in Vietnam suggest very large quantities of unrecorded logs pass from Lao PDR to Vietnam. Similar transfers to Thailand and China are also reported. It notes that resources are limited to tackle the problem nationwide immediately.</p> <p>The draft REDD strategy proposes a staged and two pronged approach to dealing with illegal logging that combines detailed investigation and monitoring of logging to get a better understanding of the scale and cause of the problem, followed up by strong law enforcement, to be undertaken in selected areas. The problem of uncontrolled land-use change resulting from concessions will be tackled through improved Land-use planning that will assess carbon stocks as part of the planning process, so that conversion of areas with high carbon stocks can be avoided.</p> <p>As knowledge increases and experience is gained, the successful measures will be extended to other areas.</p>
<p>4. The R-PP should prepare indicative TORs</p>	<p>Entirely new TOR for SESA and ESMF have been developed and</p>

<p>for a Strategic Environmental and Social Assessment (SESA), which will contribute to the development of an Environmental and Social Management Framework (ESMF) during readiness preparation. The TORs should be attached to the R-PP;</p>	<p>included as a new Annex 2. The ESMF will be prepared as part of the SESA work before the Readiness Preparation Grant is signed. It is noted that the R-PP for Lao PDR was prepared on a template that did not mainstream SESA. SESA will assess the potential positive and negative impacts from the REDD+ strategic options as they are contemplated by the government and its partners and contribute to building a sound national REDD+ strategy. SESA work will augment the diagnostic work already included in the R-PP.</p> <p>The TOR include SESA Consultancy Recruitment for staffing (3-4 months each); and Deliverables.</p>
<p>5. The R-PP should describe comments received from the consultation process and explain how they were used in R-PP;</p>	<p>A new Annex 4: Summary of main views made in the first consultation workshop, has been added. It contains very detailed summary of the discussion in 3 working groups, by speaker.</p> <p>A new ANNEX 5: List of participants for the second consultation workshop, indicates 109 people who attended the workshop.</p> <p>A new section has been added to Consultation and Participation Plan that indicates how several key issues discussed at the latest consultation by stakeholders would be addressed in the further elaboration of the R-PP during implementation> issues include shifting or upland agriculture as a driver of deforestation; selection of locations for field activities; and that the selection of REDD + activities, including capacity building, will provide the starting point for the consultation process at Province, District and Community level—moving away from consultations only occurring in the capital area.</p>
<p>6. The R-PP should include component 6, which will be assessed by the TAP; and</p>	<p>This component now has been added, including a very detailed Table that is organized to provide information by Design Summary, Performance Targets/Indicators, Data Sources/Reporting Mechanisms, and Assumptions and Risks. It also lists Outcomes, Outputs, and Activities.</p>
<p>7. The PC notes the importance of further consultation that involve local communities during the readiness process</p>	<p>As noted in issue 5 above, the Consultation and Participation Plan now indicates how several key issues discussed at the latest consultation by stakeholders would be addressed in the further elaboration of the R-PP during implementation. It states that the selection of REDD + activities, including capacity building, will provide the starting point for the consultation process at Province, District and Community level—moving away from consultations only occurring in the capital area. The R-PP notes that roles and interactions with other groups, who can participate in ensuring the SCPP is followed, are described in component 1a, and 2b and 2c. These should support open consultation platforms at community, district, regional, and also the national levels as part of the overall sector management and governance.</p>